

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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December 21, 2004

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

JAMES FELTEN, Public Health Director
Department of Public Health

SUBJECT: LEASE AMENDMENT WITH 505 NORTH ARROWHEAD LLC—THIRD FLOOR

RECOMMENDATION: Approve Amendment No. 1 to Lease Agreement No. 99-964 with 505 North Arrowhead LLC to reflect a change of ownership and extend the term through December 31, 2006 for 7,563 square feet of office space in San Bernardino for the Department of Public Health (DPH) in the amount of \$212,376.

BACKGROUND INFORMATION: On October 5, 1999, the Board approved a five-year lease agreement, No. 99-964, with three two-year options to extend for 7,563 square feet of office space at 505 North Arrowhead Avenue (third floor) in San Bernardino. The space is occupied by DPH's STD/AIDS program, reproductive health, and maternal health. The original term of the lease was from January 1, 2000 through December 31, 2004.

DPH requested Real Estate Services Department (RES D) exercise the first two-year option to extend the term through December 31, 2006. The terms of the lease amendment are summarized as follows:

Lessor: 505 North Arrowhead LLC
 Beverly Nicholson, VP & LLC Manager

Location: 505 North Arrowhead Avenue, 3rd Floor, San Bernardino

Size: 7,563 square feet

Term: Two years commencing January 1, 2005

Options: Two two-year options remain

	<u>Cost per sq.ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$1.13/sq.ft. (full service)	\$8,546	\$102,552
(new)	\$1.17/sq.ft.*(full service)	\$8,849	\$106,188
	*Low-range for the San Bernardino area		

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Annual increases: Based on the percentage change to the Consumer Price Index (CPI)

Improvement costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: The County has the right to terminate with 90-days notice

Parking: Sufficient for County needs

REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by County Counsel (Fiona Luke, Deputy County Counsel, 387-5474) on October 13, 2004; DPH (Gary McBride, Chief of Administrative Services, 287-6222) on December 2, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Beatriz Valdez (388-0211), Administrative Analysts] on December 13, 2004.

FINANCIAL IMPACT: The total cost of this two-year amendment is \$212,376. The total cost in 2004-05 will be \$104,370 (\$8,546 per month x six months and \$8,849 per month x six months). Lease payments will be paid from Rents budget (AAA RNT) and reimbursed from the DPH budget (AAA PHL). Sufficient appropriation is included in the 2004-05 Rents and DPH budgets.

Annual lease costs (subject to CPI adjustment) are as follows:

	<u>Year</u>	<u>Annual</u>
January 1, 2005 thru December 31, 2005		\$106,188
January 1, 2006 thru December 31, 2006		\$106,188

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal and recommends this action based on the continuing need to provide space for DPH's STD/AIDS program, reproduction health and maternal health programs. The lease cost is included in the DPH budget and will not require local cost. Funding is anticipated to be available for the term of this lease extension. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time. This lease can be terminated with 90-days notice.

SUPERVISORIAL DISTRICT: Fifth

PRESENTER: David H. Slaughter, Director, 387-7813

CP: 387-7824 bas: 387-7830